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May 20, 2005

BY OVERNIGHT COURIER AND E-FILE

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, MA 02110

Re: Bay State Gas Company, D.T.E. 05-27

Dear Ms. Cottrell:

Enclosed for filing, on behalf of Bay State Gas Company ("Bay State"), please find Bay State's responses to the following information requests of the Department of Telecommunications and Energy:

DTE-01-01

DTE-01-03

DTE-01-04

DTE-01-12

Please do not hesitate to telephone me with any questions whatsoever.

Very truly yours,

Patricia M. French

cc: Caroline O'Brien Bulger, Esq., Hearing Officer (1 copy)
A. John Sullivan, DTE (7 copies)
Andreas Thanos, Ass't Director, Gas Division
Alexander Cochis, Assistant Attorney General (4 copies)

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
FIRST SET OF INFORMATION REQUESTS FROM THE D.T.E.
D. T. E. 05-27

Date: May 20, 2005

Responsible: John E. Skirtich, Consultant (Revenue Requirement)

DTE-1-1 Please reconcile the \$58,736 book cost of land appearing on Exh.
BSG/JES-1, at 22, with the \$85,935 book cost of land shown on Exh.
BSG/JES-1, Sch. JES-6, at 7.

Response: There were three areas that included sale of land in the Propane
Properties Project: Brockton, Medway and West Springfield. The book
costs of land associated to these areas were as follows:

Brockton	\$19,000
Medway	8,199
West Springfield	<u>58,736</u>
Total	\$ 85,935

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DTE 1-3 Please explain, in detail, the Company's accounting procedure for retirements in progress.

Response: Costs of retiring/removal are accumulated on work orders in the Work Order Management System ("WOMS") that will eventually be assigned to an asset being retired. Gross salvage proceeds are also posted to the work order. These retirement costs are allocated, or unitized, among book cost property units being retired, signaling the closing of the work order(s). The unitization process posts the work order charges to a depreciation reserve account. Some costs of retiring and salvage proceeds do not pass through WOMS, but instead are recorded directly to other specific depreciation reserve accounts in the General Ledger.

Charges are then accumulated in these depreciation reserve accounts, and are recovered over time via the future net salvage percentage established as part of a utility account's depreciation rate.

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Responsible: Danny G. Cote, General Manager

DTE 1-4 Refer to Exh. BSG/DGC-1, at 58-63. For each of the four Gas Technological Institute Operations Development ("OTD") and Environmental Consortium Institute ("ECI") programs, please explain why none of the test year research and development expenditures of \$310,000 was capitalized.

Response: As indicated on page 58 of Exh. BGC/DGC-1, the Company did not capitalize test year research and development expenditures associated with the OTD and ECI programs, because Bay State is seeking recovery of these expenditures on a prospective rate year basis.

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Date: May 20, 2005

Responsible: Steven A. Barkauskas, Vice President NCSC

DTE 1-12 Refer to Exh. BSG/SAB-1, at 50. Please confirm whether the amount of the regulatory asset permitted under SFAS No. 71 is the difference between the net charge resulting from the establishment of the additional minimum liability ("AML") and the amounts included in rates, or the pre-tax charge resulting from the establishment of the AML.

Response: The regulatory asset would represent the pre-tax charge resulting from the establishment of the AML.